

House File 2437 - Introduced

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A BILL FOR

1 An Act exempting from the inheritance tax the entire amount
2 of property, interest in property, and income passing to a
3 natural person, and including applicability provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 450.1, subsection 1, paragraph e, Code
2 2014, is amended by striking the paragraph.

3 Sec. 2. Section 450.7, subsection 1, paragraph a, Code 2014,
4 is amended to read as follows:

5 a. The share of the estate passing to ~~the surviving spouse,~~
6 ~~and parents, grandparents, great-grandparents, and other lineal~~
7 ~~ascendants, children including legally adopted children and~~
8 ~~biological children entitled to inherit under the laws of this~~
9 ~~state, stepchildren, and grandchildren, great-grandchildren,~~
10 ~~and other lineal descendants~~ a natural person is excluded from
11 taxation under this chapter.

12 Sec. 3. Section 450.9, Code 2014, is amended to read as
13 follows:

14 **450.9 Individual exemptions Exemption.**

15 In computing the tax on the net estate, the entire
16 amount of property, interest in property, and income
17 passing to ~~the surviving spouse, and parents, grandparents,~~
18 ~~great-grandparents, and other lineal ascendants, children~~
19 ~~including legally adopted children and biological children~~
20 ~~entitled to inherit under the laws of this state, stepchildren,~~
21 ~~and grandchildren, great-grandchildren, and other lineal~~
22 ~~descendants~~ are a natural person is exempt from tax.

23 Sec. 4. Section 450.10, subsections 1, 2, 5, and 6, Code
24 2014, are amended by striking the subsections.

25 Sec. 5. Section 450.22, subsection 2, Code 2014, is amended
26 by striking the subsection.

27 Sec. 6. Section 450.22, subsection 3, Code 2014, is amended
28 to read as follows:

29 3. ~~a. However, this~~ This section does not apply and a
30 return is not required to be filed, even though real estate
31 is involved, if the estate does not have a federal estate tax
32 filing obligation and if all the estate's assets are described
33 in any of the following categories:

34 ~~{1} Assets held in joint tenancy with right of survivorship~~
35 ~~between husband and wife alone.~~

1 (2) a. Assets held in joint tenancy with right of
2 survivorship solely between the decedent and individuals listed
3 in section 450.9 as individuals that are entirely exempt from
4 Iowa inheritance tax a natural person.

5 ~~(3)~~ b. Assets passing by beneficiary designation, pursuant
6 to a trust intended to pass the decedent's property at death
7 or through any other nonprobate transfer solely to individuals
8 ~~listed in section 450.9 as individuals that are entirely exempt~~
9 ~~from Iowa inheritance tax~~ natural persons.

~~b. This subsection does not apply to interests in an asset or assets that pass to both an individual listed in section 450.9 and to that individual's spouse.~~

13 Sec. 7. Section 450.53, subsection 1, paragraph b, Code
14 2014, is amended to read as follows:

b. Notwithstanding paragraph "a", an inheritance tax return is not required to be filed if the estate does not have a federal estate tax filing obligation and if all the estate or trust assets pass solely to ~~individuals listed in section 450.9~~ as individuals that are entirely exempt from Iowa inheritance tax natural persons. ~~This paragraph is not applicable if interests in the asset pass to both an individual listed in section 450.9 and to that individual's spouse.~~

23 Sec. 8. APPLICABILITY. This Act applies to estates of
24 decedents dying on or after July 1, 2014.

25	EXPLANATION
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26 The inclusion of this explanation does not constitute agreement with
27 the explanation's substance by the members of the general assembly.

28 This bill relates to the exemption from the Iowa inheritance
29 tax of the shares of the estate passing to certain persons.
30 Under current law, the entire amount of property, interest in
31 property, and income passing to the surviving spouse or the
32 lineal ascendants and descendants of the decedent are exempt
33 from the inheritance tax. The bill exempts the entire amount
34 of property, interest in property, and income passing to any
35 natural person from the inheritance tax.

1 The bill also makes several conforming changes relating to
2 the exemption from the requirement to file an inheritance tax
3 return to provide that a return need not be filed if the estate
4 does not have a federal estate tax filing obligation and all
5 assets pass solely to natural persons.

6 The bill applies to estates of decedents dying on or after
7 July 1, 2014.